



Tourism & Events Department  
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## MEMORANDUM

To: Chairwoman Linda Dillenbeck and members of the Tourism Development Commission

From: Karen Churchard, Tourism & Events Director

Date: April 11, 2019

Subject: Tourism Development Fund Five-Year Financial Forecast

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Attached is the Tourism Development Fund Five-Year Financial Forecast that will be reviewed by Sr. Budget Analyst Ana Lia Johnson and me at next week's Tourism Development Commission. Items highlighted in green show recommendations to be moved from Tourism Development Carryover to Event Funding Programs and Administrative/Other Professional Services. The Scottsdale Stadium debt service and one-time transfers out to CIP are also highlighted in green as recommended by the TDC and approved by City Council last month.

Below is an overview of proposed recommendations:

- Move to Event Funding Programs from Tourism Development Carryover - Costs associated with producing actual events and holiday lighting for the City's annual holiday event Scottsdazzle. Please note that the promotions and ad agency costs will remain in Tourism Development Carryover.
- Move to Administrative/Other Professional Services -
  - From General Fund Transfer Out - WestWorld marketing fee of \$100,000;
  - From Tourism Development Carryover – PR, Digital Social Media Contracts pertaining to Old Town Brand, Western Week, Spring Training and Scottsdazzle; and
  - From Tourism Development Carryover – Event Production & Staffing for all Scottsdazzle events and support of all Western Week events.
- Scottsdale Stadium - The forecast notes that the Scottsdale Stadium debt service amount and timing of payment are to be confirmed. The Treasurer's Office is reviewing options for the debt service that may increase/decrease the amount shown. Also, when that debt service will be up for payment could shift to FY 2019/20, but currently is anticipated to begin in FY 2020/21.

Attachments:

- Item 3b Tourism Development Fund Five-Year Financial Forecast

**CITY OF SCOTTSDALE**  
**TOURISM DEVELOPMENT FUND**  
**FIVE YEAR FINANCIAL FORECAST**

	<b>Actual 2017/18</b>	<b>Adopted 2018/19<sup>(a)</sup></b>	<b>Forecast 2018/19<sup>(b)</sup></b>	<b>Tentative 2019/20</b>	<b>Forecast 2020/21</b>	<b>Forecast 2021/22</b>	<b>Forecast 2022/23</b>	<b>Forecast 2023/24</b>
<b>Beginning Fund Balance</b>								
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	444,059	450,065	493,036	823,278	823,278	823,302	823,274	823,278
Reserve - Events and Event Development	743,690	743,690	875,557	1,543,110	1,543,110	1,543,114	1,543,126	1,543,110
Reserve - One-Time Commitments	2,500,000	-	-	-	-	-	-	-
Undesignated, Unreserved Fund Balance	6,662,091	4,668,778	4,804,219	104,053	1,466,511	1,911,883	2,319,499	3,007,711
<b>Total Beginning Fund Balance</b>	<b>12,849,840</b>	<b>8,362,533</b>	<b>8,672,812</b>	<b>4,970,441</b>	<b>6,332,899</b>	<b>6,778,299</b>	<b>7,185,899</b>	<b>7,874,099</b>
<b>Revenues</b>								
Transient Occupancy Tax	19,836,422	20,413,217	21,025,614	21,530,228	21,465,600	21,336,800	22,147,600	22,147,600
Princess Lease	1,921,486	1,910,000	1,959,916	1,999,114	1,998,500	1,997,300	2,073,200	2,073,200
Miscellaneous	254,782	20,500	183,575	-	-	-	-	-
<b>Total Sources</b>	<b>22,012,690</b>	<b>22,343,717</b>	<b>23,169,105</b>	<b>23,529,342</b>	<b>23,464,100</b>	<b>23,334,100</b>	<b>24,220,800</b>	<b>24,220,800</b>
<b>EXPENSES</b>								
Destination Marketing Contract	9,918,211	10,206,609	10,512,807	10,765,114	10,732,800	10,668,400	11,073,800	11,073,800
General Fund Allocation	1,500,000	2,449,586	2,523,074	2,583,627	2,575,900	2,560,400	2,657,700	2,657,700
<b>Event Retention and Development</b>								
<b>Multi-Year Event Funding Agreements</b>								
Parada del Sol Parade	79,400	79,400	79,400	79,400	79,400	79,400	-	-
Fiesta Bowl	161,643	168,109	168,109	174,833	181,827	189,100	196,664	204,530
Scottsdale International Film Festival	37,500	37,500	37,500	37,500	-	-	-	-
NCHA Cutting Horse Event	-	9,267	9,267	-	-	-	-	-
The Scottsdale Gallery Association	75,000	75,000	75,000	75,000	-	-	-	-
Parada del Sol Rodeo	75,000	75,000	75,000	75,000	-	-	-	-
Scottsdale Culinary Event	75,000	75,000	75,000	75,000	-	-	-	-
Multi-Year Event Funding Undesignated, Uncommitted	-	-	-	-	258,773	251,500	323,336	315,470
<b>Total Multi Year Event Funding Agreements</b>	<b>503,543</b>	<b>519,276</b>	<b>519,276</b>	<b>516,733</b>	<b>520,000</b>	<b>520,000</b>	<b>520,000</b>	<b>520,000</b>
<b>One Year Event Funding Agreements</b>	<b>278,397</b>	<b>211,482</b>	<b>446,482</b>	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>
<b>Event Funding Programs</b>								
Matching Event Advertising Funding Program	95,895	110,000	88,325	110,000	110,000	110,000	110,000	110,000
Event Venue Fee Program	10,798	20,000	16,238	20,000	20,000	20,000	20,000	20,000
Community Events Program	179,500	200,000	185,625	200,000	200,000	200,000	200,000	200,000
City Holiday Event - Scottsdazzle	-	-	-	400,000	400,000	400,000	400,000	400,000
<b>Total Event Funding Programs</b>	<b>286,193</b>	<b>330,000</b>	<b>290,188</b>	<b>730,000</b>	<b>730,000</b>	<b>730,000</b>	<b>730,000</b>	<b>730,000</b>
Event Retention and Development Undesignated, Uncommitted	-	776,381	636,359	370,988	361,900	350,300	423,300	423,300
<i>Adjustment to account for non-realized commitments in FY 2018/19</i>								
			(685,035)					
<b>Total Event Retention and Development</b>	<b>1,068,133</b>	<b>1,837,139</b>	<b>1,207,270</b>	<b>1,937,721</b>	<b>1,931,900</b>	<b>1,920,300</b>	<b>1,993,300</b>	<b>1,993,300</b>

	Actual 2017/18	Adopted 2018/19 <sup>(a)</sup>	Forecast 2018/19 <sup>(b)</sup>	Tentative 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
<b>Administrative/Other Professional Services</b>								
Administrative Expenses	400,319	726,529	420,783	471,209	463,600	453,500	480,900	475,900
WestWorld marketing fee - transfer out to General Fund	-	-	-	100,000	100,000	100,000	100,000	100,000
PR, Digital Social Media Contracts and Sub-Contractors	-	-	-	40,000	40,000	40,000	40,000	40,000
Production & Staffing for City Events	-	-	-	160,000	165,000	170,000	175,000	180,000
Tourism Research	56,710	90,000	90,000	90,000	90,000	90,000	90,000	90,000
<b>Total Administrative/Other Professional Services</b>	<b>457,029</b>	<b>816,529</b>	<b>510,783</b>	<b>861,209</b>	<b>858,600</b>	<b>853,500</b>	<b>885,900</b>	<b>885,900</b>
<b>Multi-year Commitments for Capital Projects</b>								
WestWorld debt service (80-acres, ends FY 2034/35)	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
TNEC Equestrian Center debt service (ends FY 2032/33)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Museum of the West debt service (ends FY 2033/34)	885,460	892,963	892,963	889,213	889,500	893,900	891,900	893,600
TPC renovations debt service (ends FY 2033/34)	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Scottsdale Stadium debt service (amount and timing to be confirmed)	-	-	-	-	1,200,000	1,200,000	1,200,000	1,200,000
<b>Total Multi-Year Commitments for Capital Projects</b>	<b>3,585,460</b>	<b>3,592,963</b>	<b>3,592,963</b>	<b>3,589,213</b>	<b>4,789,500</b>	<b>4,793,900</b>	<b>4,791,900</b>	<b>4,793,600</b>
<b>Tourism Development Carryover</b>								
Trolley Expenses - transfer out to the Transportation Fund	300,000	300,000	300,000	300,000	-	-	-	-
Canal Convergence Events	890,000	750,000	750,000	750,000	750,000	750,000	750,000	650,000
Museum of the West donation match	400,000	400,000	400,000	400,000	400,000	400,000	400,000	-
Museum of the West one-time advertising funds	-	200,000	200,000	-	-	-	-	-
Museum of the West Education Program	500,000	-	-	-	-	-	-	-
WestWorld marketing fee - transfer out to General Fund	100,000	100,000	100,000	-	-	-	-	-
Electrical outlets downtown	92,481	288,483	288,483	-	-	-	-	-
Event Notification and Survey Program, Banner Program	8,538	20,347	1,847	-	-	-	-	-
Sky Harbor Connections Program	-	-	159,249	-	-	-	-	-
Special Event Rentals	4,589	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Strategic Plan Carryover	80,368	331,000	-	-	-	-	-	-
CIP projects (Thunderbird Memorial and WestWorld)	1,279,500	-	-	-	-	-	-	-
Downtown Promotions, Events, Marketing:	1,005,409	1,500,000	1,250,000	905,000	905,000	905,000	905,000	905,000
<i>Ad Agency</i>	175,255	100,000	100,000	220,000	220,000	220,000	220,000	220,000
<i>Old Town Brand Advertising (April - Sept. Campaign)</i>	122,873	150,000	150,000	150,000	150,000	150,000	150,000	150,000
<i>Brochure/Maps/Kiosks</i>	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<i>Scottsdazzle Promotion</i>	85,470	60,000	60,000	60,000	60,000	60,000	60,000	60,000
<i>Scottsdazzle Events, Lighting, Production</i>	237,510	400,000	400,000	-	-	-	-	-
<i>Western Week Promotion</i>	18,935	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<i>Western Week Events</i>	107,826	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<i>Spring Training Promotion</i>	-	15,000	15,000	-	-	-	-	-
<i>Spring Training Events</i>	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<i>District Marketing Matching Funds</i>	30,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<i>Small Business Promos &amp; Programs</i>	5,000	-	-	100,000	100,000	100,000	100,000	100,000
<i>Seasonal Entertainment</i>	67,540	75,000	75,000	75,000	75,000	75,000	75,000	75,000
<i>Production &amp; Staffing</i>	150,000	150,000	150,000	-	-	-	-	-
<i>Pedestrian Design &amp; Implementation</i>	-	250,000	-	-	-	-	-	-
<b>Scottsdale Stadium - transfer out to CIP</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Tourism Development Carryover</b>	<b>9,660,886</b>	<b>3,964,830</b>	<b>8,524,579</b>	<b>2,430,000</b>	<b>2,130,000</b>	<b>2,130,000</b>	<b>2,130,000</b>	<b>1,630,000</b>

	Actual 2017/18	Adopted 2018/19 <sup>(a)</sup>	Forecast 2018/19 <sup>(b)</sup>	Tentative 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Item 3b								
<b>Total Expenses</b>	<b>26,189,719</b>	<b>22,867,656</b>	<b>26,871,476</b>	<b>22,166,884</b>	<b>23,018,700</b>	<b>22,926,500</b>	<b>23,532,600</b>	<b>23,034,300</b>
<b>Available funds for capital projects (up to \$600,000 per project)</b>	<b>(4,177,029)</b>	<b>(523,939)</b>	<b>(3,702,371)</b>	<b>1,362,458</b>	<b>445,400</b>	<b>407,600</b>	<b>688,200</b>	<b>1,186,500</b>
<b>Ending Fund Balance</b>								
Operating Contingency	1,536,253	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	493,036	450,065	823,278	823,278	823,302	823,274	823,278	823,282
Reserve - Events and Event Development	875,557	743,740	1,543,110	1,543,110	1,543,114	1,543,126	1,543,110	1,543,094
Reserve - One-Time Commitments	3,500,000	-	-	-	-	-	-	-
Undesignated, Unreserved Fund Balance	2,267,966	4,144,789	104,053	1,466,511	1,911,883	2,319,499	3,007,711	4,194,223
<b>Total Ending Fund Balance</b>	<b>8,672,812</b>	<b>7,838,594</b>	<b>4,970,441</b>	<b>6,332,899</b>	<b>6,778,299</b>	<b>7,185,899</b>	<b>7,874,099</b>	<b>9,060,599</b>

<sup>(a)</sup> Beginning in FY 2018/19, the allocation of revenues was modified from fixed amounts to percentages per Financial Policy 21A.

<sup>(b)</sup> Forecast differs from Proforma since it is based on actual event and event retention anticipated expenses as opposed to funds committed for that purpose.